MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 2, 2019/2020

BEN2074 - ENTREPRENEURSHIP

(All sections / groups)

28 FEBRUARY 2020
3.00 p.m. – 5.00 p.m.
(2 Hours)

INSTRUCTIONS TO STUDENTS

1. This question paper consists of **6 (SIX) pages** excluding the cover page.
2. This question paper consists of **TWO (2)** sections. Answer all questions.
3. Please write all your answers in the Answer Booklet provided.

SECTION A (40 marks)

PolicyStreet: Keeping Malaysians Under Cover

"Insurance coverage is like having an umbrella," says Wilson Beh, co-founder and COO of Policy Street. "It can be a hassle to carry around on a non-rainy day but when it rains, an umbrella becomes very important."

Taking out a medical or life insurance policy helps give a person ease of mind for the future and for financial security. Yet, many in Malaysia continue to go uninsured.

"Picture a room with 100 Malaysians, I can assure you that close to half of them don't have a basic life or takaful insurance," says Beh. "If one of these Malaysians were to pass away due to unforeseen circumstances, their beneficiary or their family members would not get any monetary compensation."

To some extent, to the complex structure of insurance products hinders people from getting insured but in Malaysia, affordability is a key factor, particularly among B40 households with a collective income of less than RM3,900.

Policy Street started in 2016 by Beh, Lee Yen Ming and Winnie Chua with the objective to make insurance coverage more accessible.

"Insurance coverage rate is so low because it is deemed as complex and expensive. It is not perceived as a need," says the 29-year-old.

"That's why we created PolicyStreet; to solve these issues and assist those who fall into this segment."

The platform customises, curates and sources for the best in value insurance policies that can be purchased online with 'three simple steps in less than three minutes', says Beh.

"We also do product analysis and product education. So, you are able to understand complex products in simple terms on the website."

"We complete the process by putting in place a customer experience team so that our customers will not worry if they need to do claims."

Over the last three years, PolicyStreet has sold over 10,000 insurance policies with sum insured totalling RM400 million ringgit.

Apart from B2C, PolicyStreet started an offline team to sell policies to businesses too. It counts food delivery company FoodPanda as one of its valued corporate clients, providing insurance coverage to 5000 delivery riders.

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"When FoodPanda approached us, we had to understand and analyse their business needs. That's when we curated and customised the best plan for their riders," says Beh.

PolicyStreet also insures prop tech company Hostel Hunting. "We insure more than 1000 of their properties against damages and late payments."

"We also recently entered into an MoU with MDEC to helps its freelancer community totaling 5,000 to get insured," says Beh.

"Most of the insurance products in the market are expensive or may not be too flexible in terms of payment options. So we work with an insurer to offer an online medical card that provides some sort of 'safety net' to the freelancers."

"And it is extremely affordable! Starting at RM35 a month, you get up to RM100,000 worth of coverage."

"We are quite confident that the premium is about 30 percent cheaper than most of the alternative products in the market."

Prior to starting PolicyStreet, Beh was an investment banker advising conglomerates on expansion, fundraising and acquisitions in the region.

"I had a strong sense for entrepreneurship but for the longest time in investment banking, I couldn't relate entrepreneurship to with finance. Back then, finance was all about risk assessment, risk analysis and risk aversion."

It was not until 2015 when fintech started to gain popularity, prompting industry players to take a serious look financial innovation.

Recognising the market interest and opportunity, Beh co-founded a fintech community in Malaysia, Fintech Association of Malaysia

"I wanted to live up to my dream of becoming an entrepreneur and contribute immense values to the world," says Beh, who was named Forbes Asia 30 Under 30 honouree in the finance and venture capital category in 2018.

The Penang born entrepreneur admits it had been an uphill task educating the Malaysian market, particularly the younger segment, to understand the value and significance of getting insured.

"I'm constantly wondering how we can educate such a complex concept to the mass market. How do we make insurance more fun and appealing, especially to the millennials?" says Beh.

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According to Beh, the company had received a grant from Cradle (under the Ministry of Finance) to help grow the business, on top of a RM2.2 million funding from an international investor.

"Things are looking positive for us this year. It's quite an exciting time as we have recently obtained approval from Bank Negara to conduct financial advisory."

With this approval, PolicyStreet can work directly with all 47 life and general insurance and takaful providers in Malaysia.

"There are only 32 financial advisory firms in Malaysia and we have become the 33rd and also the first home-grown Insurtech firm with this approval."

His mission? For PolicyStreet to become the region's leading insurance tech provider.

"Zhong An is one of the leading Insurtechs in China which is listed in Hong Kong."

"But we have not seen a clear winner in the ASEAN market. Hopefully, PolicyStreet can become one of the important players in this region," says Beh.

Source: https://www.awanireview.com/articles/2019/06/14/news/policystreet-keeping-malaysians-under-cover-677/

Answer the following questions.

a) Identify the main business trend that leads to the development of business like PolicyStreet.

(2 Marks)

b) Determine **TWO (2)** main customer's pains or problems that PolicyStreet intended to address. How does PolicyStreet relieve these customer's pains?

(8 Marks)

c) Based on the case study and your knowledge in business model canvas, complete the business model for PolicyStreet. You may use your logical assumption in completing the business model. The Business Model Canvas is provided in the appendix.

(18 marks)

d) Apart from business-to-consumer (B2C) model, PolicyStreet also started the business-to-business model (B2B). Justify why the B2B model is important to Policy Street? State **TWO (2)** important reasons.

(6 Marks)

Continued...

e) PolicyStreet intended to be one of the important players in the ASEAN market. Suggest the most suitable international expansion strategy to PolicyStreet.

(2 Marks)

f) What is your opinion about the future of PolicyStreet? Does the company have what it takes to be the market leader? Provide at least **TWO (2)** reasons to justify your opinion.

(4 Marks)

(Total 40 Marks)

SECTION B (60 marks)

QUESTION 1

a) Differentiate between opportunities and ideas.

(2 Marks)

b) Suggest one possible business idea for the following trends:

i) Continual migration of youngster from rural areas to cities

(3 marks)

ii) Increase in life expectancy of human

(3 marks)

iii) Reduction in family size

(3 marks)

iv) Increase in literacy rate of citizens

(3 marks)

c) Briefly explain what should a potential entrepreneur do to determine if his or her business idea is feasible.

(6 Marks)
(Total 20 Marks)

QUESTION 2

You have recently joined a new start-up company as a finance manager. Your first task is to prepare a proposal to guide the founders to get the business financing to grow the company. To complete the proposal, you are required to prepare the following information.

a) To guide the founders to choose between debt or equity financing, provide **THREE (3)** important characteristics of the business that are favourable for either debit financing or equity financing.

(6 Marks)
Continued...

b) Suggest **TWO (2)** main sources of debt financing and **TWO (2)** main sources of equity financing to the founders.

(8 Marks)

c) Explain the concept of crowdfunding and **TWO (2)** possible types of crowdfunding.

(6 Marks)

(Total 20 Marks)

QUESTION 3

You are the managing director of Best Practice Sdn. Bhd. Recently, you have been asked to present a proposal to the Board of Directors on the company's growth plan. Your main focus is in managing the likely increase of demand in your company's product in the market. One of the available option is to quickly increase the production capacity. To complete the proposal, you are required to:

a) Explain **TWO (2)** main advantages of increasing the capacity and production of the company.

(6 Marks)

b) Based on the given scenario and by referring to the organisational life cycle, what stage is Best Practice Sdn. Bhd. likely to be?

(2 Marks)

c) State the **FOUR (4)** main day-to-day challenges that the management is likely to face in growing Best Practice Sdn. Bhd.

(12 Marks)

(Total 20 Marks)

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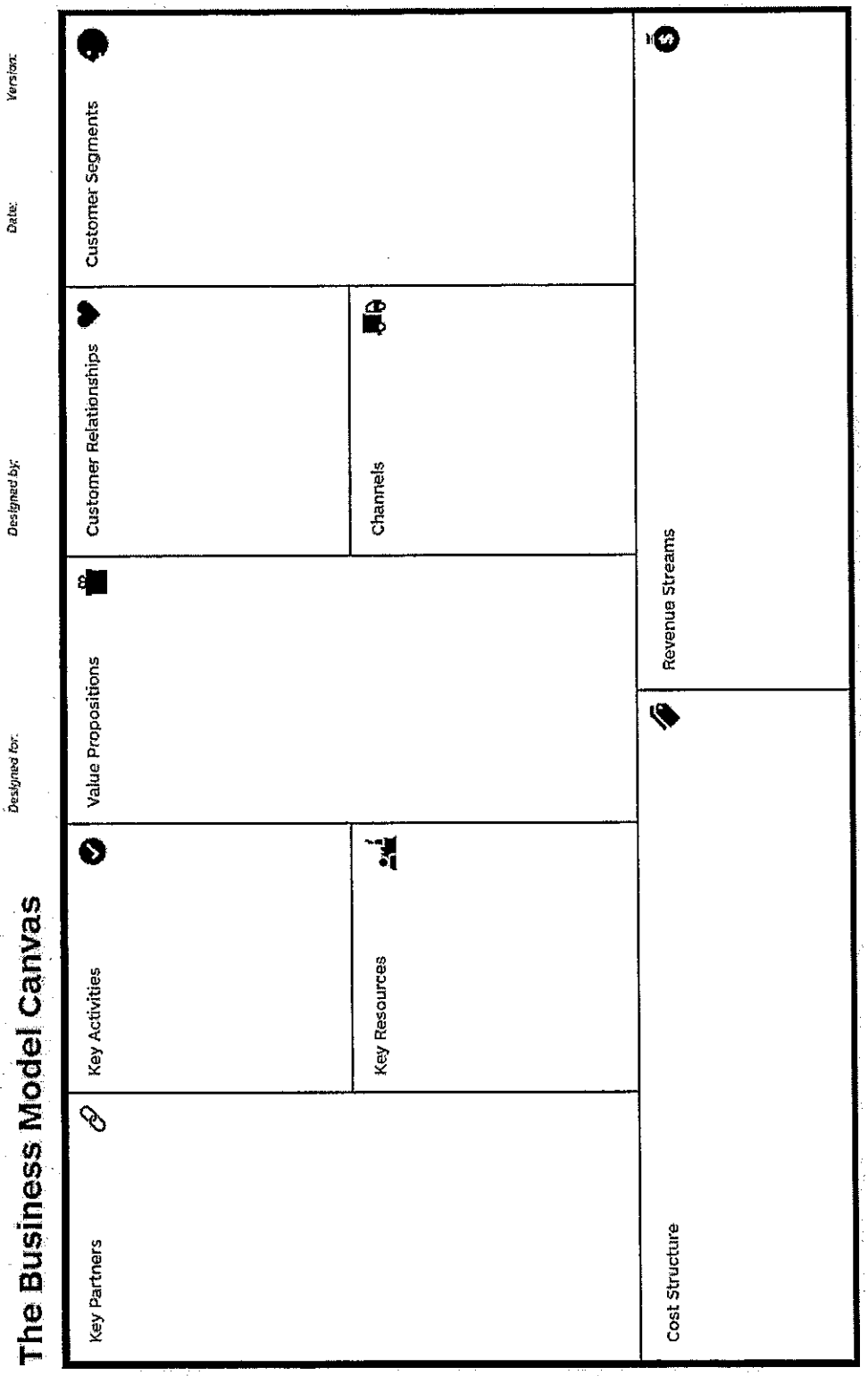
Appendix – Business Model Canvas



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